



The American Recovery and Reinvestment Act

How Alliance/UNCA Members Will Benefit from an Economic Recovery Package

By Helen Eisner¹
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SUMMARY

On February 17, President Obama signed into law the American Recovery and Reinvestment Act of 2009, a \$787 billion economic recovery package. The recovery plan contains provisions intended to jump start the sagging economy by investing in targeted spending programs and tax cuts. Highlights of the package include:

- \$86.6 billion for the Federal Medical Assistance Percentage (FMAP), including Title IV-E foster care assistance payments;
- \$2.1 billion for Head Start and Early Head Start;
- \$2 billion for the Child Care and Development Block Grant (CCDBG);
- \$1 billion for the Community Development Block Grant (CDBG); and
- \$1.2 billion for Workforce Investment Act (WIA) youth funds, including summer jobs for youth.

This paper summarizes the expenditures in the economic recovery package that are relevant to the memberships of the Alliance for Children and Families and United Neighborhood Centers of America. For a short summary of recovery spending and tax cuts, reference Table 1 towards the end of the document.

BACKGROUND

In his inaugural address, President Obama asked Congress to take “bold and swift” action to pass an economic recovery package.² With the nation facing a rising 7.6% unemployment rate in January 2009, Obama called for a recovery package to create or save between three and four million jobs.^{3,4}

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² CNN, “Obama promises bold action on economy,” (January 20, 2009), <http://www.cnn.com/2009/POLITICS/01/20/obama.speech/>.

³ Bob Willis, “U.S. Initial Jobless Claims Rose to 524,000 Last Week,” *Bloomberg*, (January 15, 2009), <http://www.bloomberg.com/apps/news?pid=20601103&sid=aWEkoFNxb3.E&refer=us>.

⁴ Neil Irwin and Annys Shin, “598,000 Jobs Shed in Brutal January,” *The Washington Post*, (February 7, 2009), <http://www.washingtonpost.com/wp-dyn/content/article/2009/02/06/AR2009020601156.html>.

Responding to Obama's call for economic stimulus legislation, congressional leadership spent January developing the framework for a recovery package. On January 28, the House approved the American Recovery and Reinvestment Act of 2009 (H.R. 1). The House package had a price tag of \$819 billion and was approved by a vote of 244 to 188. The Senate approved an \$838 billion economic recovery package on February 10, by a vote of 61 to 37.

In conference, representatives from the House and the Senate were tasked with resolving the differences between the two versions and crafting compromise legislation. To overcome a filibuster threat, the support of a block of three moderate, Senate Republicans ((Sen. Arlen Specter (PA), Sen. Olympia Snowe (ME), and Sen. Susan Collins (ME)), became necessary. This political obstacle led to heated debate among conferees and forced concessions for votes in areas such as education spending and taxes. The resulting \$787 billion compromise legislation contains funding for mandatory and discretionary funding streams in addition to tax cuts.^{5,6} Much of the recovery spending is immediate, while some provisions are designed to be distributed over a longer period of time. The Congressional Budget Office estimates that 74% of stimulus funding will be spent by September 30, 2010.⁷

Final legislation was approved by the House and Senate on February 13 by a vote of 246 to 183, and 60 to 38, respectively. In the House, the package received no Republican support. In the Senate, the votes of the three, moderate, Republican Senators were essential to the bill's success.

President Obama signed the recovery package into law on February 17, commenting that he could not pretend "that today marks the end of our economic problems, nor does it constitute all of what we have to do to turn our economy around. But today does mark the beginning of the end, the beginning of what we need to do to create jobs for Americans."⁸ To track how recovery funds are being spent and view a timeline of recovery implementation, visit: <http://www.recovery.gov/>.

Many components of the package are targeted towards low-income populations and can be utilized by Alliance/UNCA members to bolster their programs and services.

SELECTED ECONOMIC RECOVERY PLAN INVESTMENTS

The following is summary of expenditures in the American Recovery and Reinvestment Act of 2009 that are relevant to the memberships of the Alliance for Children and Families and United Neighborhood Centers of America. For a short summary of economic recovery spending and tax provisions, reference Table 1 at the end of the document.

⁵ Senate Finance Committee and House Ways and Means Committee, "The American Recovery and Reinvestment Act of 2009," (February 12, 2009), <http://waysandmeans.house.gov/media/pdf/111/arra.pdf>.

⁶ House Appropriations Committee, "The American Recovery and Reinvestment Act of 2009," (February 12, 2009), <http://appropriations.house.gov/pdf/PressSummary02-12-09.pdf>.

⁷ David M. Herszenhorn, "A Smaller, Faster Stimulus Plan, but Still With a Lot of Money," February 13, 2009), http://www.nytimes.com/2009/02/14/us/politics/14stimintro.ready.html?_r=1&scp=1&sq=smaller%20faster&st=cse.

⁸ Sheryl Gay Stolberg, "Signing Stimulus Bill, Obama Does Not Rule Out Another," (February 17, 2009), <http://www.nytimes.com/2009/02/18/us/politics/18web-stim.html?hp>.

Department of Agriculture (USDA)

To combat rising food costs and inadequate nutrition during this period of economic uncertainty, the recovery package incorporates investments in a number of programs overseen by the USDA that aim to alleviate hunger.

- **Supplemental Nutrition Assistance Program (SNAP):** The final recovery plan includes \$19.9 billion for SNAP. SNAP was formerly known as the food stamp program. The additional funding would support basic nutritional needs and extend the time limit for enrollment in food assistance. States will receive funding based on their enrollment in SNAP in the past 12 months and their relative increase in enrollment in the past 12 months.⁹ According to Mark Zandi of Moody's Economy.com, every dollar invested in food stamps results in \$1.73 in economic output.¹⁰
- **Senior Nutrition Programs:** The recovery plan includes \$100 million in funding for Senior Nutrition Programs through a formula grant that supports services such as Meals on Wheels.¹¹
- **Women, Infants, and Children (WIC):** The final recovery plan contains \$500 million in WIC contingency funds to account for increased participation and food costs. Of the \$500 million, \$400 million will support increased caseload and \$100 million will be used to promote WIC Management Information Systems (MIS).¹²
- **The Emergency Food Assistance Program (TEFAP):** The stimulus package includes \$150 million for this program, of which \$100 million will be used to purchase food and \$50 million will cover administrative expenses.¹³
- **Rural Community Facilities Program:** The recovery package includes \$130 million to help develop rural community facilities through guaranteed loans. This funding can be utilized by local government, non-profit organizations, and federally-recognized Indian tribes.

Department of Commerce

- **Broadband Access:** The recovery package contains \$7.2 billion to expand broadband access to low-income communities. This funding stream also creates a \$200 million competitive grant program to expand public computer center capacity.

Department of Education

Since education funding is heavily dependent on state and local budgets, the economic downturn has been particularly difficult for schools. Program cuts have led to a decrease in

⁹ Food Research and Action Group, "Economic Recovery Package," <http://www.frac.org/news/econrecoverypackage.htm> .

¹⁰ Mark Zandi, "The Economic Impact of the American Recovery and Reinvestment Act ," Moody's Economy.com, (January 21, 2009): 9, http://www.economy.com/mark-zandi/documents/Economic_Stimulus_House_Plan_012109.pdf .

¹¹ Food Research and Action Group, "Economic Recovery Package," <http://www.frac.org/news/econrecoverypackage.htm> .

¹² Food Research and Action Group, "Economic Recovery Package," <http://www.frac.org/news/econrecoverypackage.htm> .

¹³ Food Research and Action Group, "Economic Recovery Package," <http://www.frac.org/news/econrecoverypackage.htm> .

teachers, classroom resources, and waiting lists for many important educational services.¹⁴ The recovery package includes spending provisions designed to forestall this downturn and invest in low-income students.

Within a number of supplemental funding streams arise potential opportunities for non-profit organizations to support the low-income students they serve. Additional funds could, for example, support after-school programs that receive government funding.

A Congressional Research Service (CRS) report estimates how much education funding each state will receive from the recovery plan. The report can be accessed here:

<http://edlabor.house.gov/documents/111/pdf/publications/ARRA-estimatedstateeducationfunding-20090213.pdf> .

- **State Fiscal Stabilization Funding:** The recovery package includes \$53.6 billion in total state fiscal stabilization funds. Local school districts will receive \$40.6 billion in stabilization funds to prevent funding cuts, retain staff, and support school modernization among other activities. An additional \$5 billion in stabilization funds will be awarded to the states as bonus grants to incentivize maintaining strict education performance measures in the states. Also, states will receive \$8 billion to support other high priority needs, which can include education.¹⁵

According to the Center on Budget and Policy Priorities, 46 states will face a combined \$350 billion deficit in the next 30 months.¹⁶ Since most states have to balance their budgets, many have elected to account for deficits by cutting the amount of funds they distribute to schools and colleges. The intent of the fiscal stabilization funding is to allow states to restore their budgets to FY 2008 levels and minimize cuts.

- **Title I:** The recovery plan includes \$13 billion for Title I, which is the program through which the Department of Education distributes funding to schools with a high percentage of low-income students. The additional recovery funding will address state funding shortages. Within the \$13 billion overall expenditure, \$10 billion will cover formula grants for elementary and secondary education, and \$3 billion will fund school improvement grants.
- **Individuals with Disabilities Education Act (IDEA):** The recovery plan invests an additional \$12.2 billion in IDEA. This includes \$400 million to support section 619 preschool grants.¹⁷
- **McKinney-Vento Education for Homeless Children and Youth Program:** In the recovery package, the McKinney-Vento Act receives \$70 million to help provide educational stability and support for school-aged homeless children.

¹⁴ Sam Dillon, "Stimulus Plan Would Provide Flood of Aid to Education," *The New York Times*, (January 27, 2009),

http://www.nytimes.com/2009/01/28/education/28educ.html?_r=1&scp=2&sq=education&st=cs

¹⁵ Sam Dillon, "For Education Chief, Stimulus Means Power, Money, and Risk," (February 17, 2009), *The New York Times*,

<http://www.nytimes.com/2009/02/17/education/17educ.html?ref=us> .

¹⁶ Iris J. Lav, et. al, "Senate's Medicaid Assistance for the States Less Targeted than in House Recovery Bill," (January 30, 2009), <http://www.cbpp.org/1-26-09bud.htm>.

¹⁷ Luzanne Pierce, "Parent Advocacy Brief: Preschool Services Under IDEA," National Center for Learning Disabilities,

http://www.nclld.org/images/stories/downloads/parent_center/preschool_brief.pdf .

- **Rehabilitation Services and Disability Research:** The recovery package includes \$680 million for the Rehabilitation Services and Disability Research account. Within this additional funding, \$540 million will be directed towards Vocational Rehabilitation State Grants and \$140 million will fund Independent Living programs. One possible use of this funding is for improvements to facilities and equipment that aid individuals with disabilities.

Department of Energy

- **Weatherization Assistance Program:** The recovery package invests \$5 billion in weatherization assistance support. This program helps low-income families whose income is less than 200% of the federal poverty line to improve the energy efficiency of their homes. On average this program reduces the cost of home heating bills by one-third.¹⁸
- **Energy Efficiency and Conservation Block Grant Program:** The stimulus plan contains \$400 million for a competitive grant program to help states, cities, and counties improve their energy efficiency. A case can be made to use a portion of this funding to educate low-income home owners about energy use.

Department of Health and Human Services (HHS)

- **Health Information Technology:** The final recovery package invests \$19 billion in Health Information Technology.¹⁹ This includes \$2 billion in discretionary funds and \$17 billion through Medicaid and Medicare to help promote the use of Health IT in hospitals, doctor's offices, and other health care facilities. The objective of this provision is to make all health records electronic by 2014.²⁰
- **Preventative Care:** The recovery plan contains \$1 billion for preventative care to minimize the occurrence of preventable illnesses and conditions.
- **Community Health Centers:** The recovery package includes \$2 billion for community health centers to increase community health center capacity and improve community health center facilities.
- **Health Care Effectiveness Research:** The final recovery legislation includes \$1.1 billion for healthcare effectiveness research to determine the comparative impact of medical treatments and strategies. Part of the funding will be distributed to the National Institutes of Health (NIH) and an additional portion will be distributed at the discretion of the Secretary of Health and Human Services. Additionally, the legislation creates a 15 person council to coordinate and advise President Obama on the results of the research.²¹

¹⁸ Coalition on Human Needs, "The American Recovery and Reinvestment Act: Provisions that Promote Shared Recovery," (February 17, 2009), <http://chn.org/pdf/2009/ConfEconRecoveryChart21709.pdf> .

¹⁹ Ellen Nakashima, "Lobbying War Ensues Over Digital Health Data," *The Washington Post*, (February 10, 2009), <http://www.washingtonpost.com/wp-dyn/content/article/2009/02/09/AR2009020903263.html> .

²⁰ Anita Huslin, "Online Health Data in Remission," (February 16, 2009), *The Washington Post*, <http://www.washingtonpost.com/wp-dyn/content/article/2009/02/15/AR2009021501284.html> .

²¹ Robert Pear, "U.S. to Compare Medical Treatments," *The New York Times*, <http://www.nytimes.com/2009/02/16/health/policy/16health.html?partner=rss&emc=rss> .

Administration for Children and Families (ACF) Programs

- **Head Start and Early Head Start:** The final recovery plan contains \$1 billion for Head Start and \$1.1 billion for Early Head Start. The National Head Start Association estimates that this investment will create 60,000 new jobs.²² Investing in Head Start creates jobs for teachers, aides, food service employees who provide children with meals, and parents in need of child care to maintain or pursue employment.

Currently, fewer than half of the close to two million children who are eligible for Head Start can access the program.²³ A National Head Start Association study found that in the last year, 62 percent of Head Start programs have either reduced program hours or decreased days of operation.²⁴ In FY 2008, Head Start received \$6.9 billion in funding, which represents an 11% drop since 2002 when adjusted for inflation.²⁵ In FY 2008, Early Head Start was funded at \$689 million.²⁶

- **Child Care and Development Block Grant (CCDBG):** The recovery package contains \$2 billion for CCDBG to support the child care needs of low-income families. The legislation directs that funding be made available to states to distribute to eligible entities. To determine how much CCDBG funding your state will receive, visit: http://clasp.org/publications/aara_childcarestatealloc.pdf.

For FY 2009, the program is currently funded at \$2.1 billion. Adjusted for inflation, CCDBG has experienced a 12.6% drop in funding since FY 2004.²⁷ During periods of economic decline, investing in child care services creates jobs in local economies and helps low-income parents maintain employment.

- **Community Services Block Grant (CSBG):** The final recovery package includes \$1 billion for the Community Services Block Grant (CSBG). In FY 2009, the program is slated to receive \$650 million in federal appropriations, which when adjusted for inflation represents a 9.9% cut since 2004.²⁸ Community services funds help confront a range of community needs including employment, child care, and food security.
- **Temporary Assistance for Needy Families (TANF):** The recovery package invests \$5 billion over two years into TANF to account for growing need. Funding will be distributed to states on a formula basis that accounts for recent state caseload increases. The additional funding is limited to 50% of a states' annual appropriation for

²² The National Head Start Association, "Very Stimulating: 60,000 Jobs Possible from \$2.1 Billion for Head Start/Early Head Start in Senate Economic Recovery Package," (February 5, 2009), http://www.nhsa.org/press/News_Archived/index_news_020509.htm.

²³ First Focus, "Children's Budget 2008," (2008):
3, <http://www.firstfocus.net/Download/CBook.pdf>.

²⁴ National Head Start Association, "NHSA Survey: 77 Percent of Head Start Programs are 'at Breaking Point,' Unable to Absorb New Cuts and Hundreds of New Rules," (March 19, 2008), http://www.nhsa.org/press/News_Archived/index_news_031808.htm.

²⁵ Sharon Parrott, "2008 Omnibus Appropriations Bill Cuts Funding for Head Start: Bipartisan Reauthorization Bill Enacted Two Weeks Before Omnibus Was Completed Called for Increased Investment," (February 6, 2008), <http://www.cbpp.org/2-5-08bud.htm>.

²⁶ National Head Start Association, "Head Start Basics,"
<http://www.nhsa.org/download/advocacy/fact/08FactSheetHSBasics.pdf>.

²⁷ First Focus, "Child Care and Development Block Grant," (2009):
http://www.childrensbudget.org/index/programs/do/display/program_id/108.

²⁸ First Focus, "Community Services Block Grant," (2009):
http://www.childrensbudget.org/index/programs/do/display/program_id/4.

FY 2009 and FY 2010.²⁹ States facing especially high population growth and increased poverty will also qualify for \$300 million in supplemental grants.

Centers for Medicare and Medicaid Services (CMS)

- **Federal Medical Assistance Percentage (FMAP):** The recovery package authorizes an \$86.6 billion increase for FMAP over a 27 month period beginning October 1, 2008.³⁰ The proposed increase in FMAP includes funding for foster care Title IV-E, which is an integral funding source for children in the foster care system. The increase does not apply to Medicaid Disproportionate Share Hospital (DSH) payments, SCHIP or other Title IV programs.³¹

All states will receive a 6.2% across-the-board FMAP increase, and select states will receive a higher Medicaid match on a formula basis that accounts for the state's unemployment rate. Approximately 65% of the additional FMAP funding will go towards the across-the-board increase and 35% will go towards targeted increases based on unemployment. The increase related to unemployment will not apply to Title-IV-E payments.³²

According to the Center on Budget and Policy Priorities, this funding source is crucial because, "the gap between the need for Medicaid and states' ability to meet that need is large."³³ The Urban Institute estimates that in the next two and half years there could be a \$100 billion gap between state Medicaid costs and states' capacity to meet those costs.³⁴

- **Medicaid Moratorium:** The recovery package includes moratoria on four Medicaid regulations, including an extension of moratoria on three finalized regulations (targeted case management, provider taxes, and school-based administration) until June 30, 2009. The package also contains a new moratorium on the regulation for hospital outpatient services until June 30, 2009. Finally, the plan includes a Sense of Congress that there will be no further action on the non-finalized regulations regarding payments to public providers, graduate medical education, and rehabilitative services.

²⁹ Coalition on Human Needs, "The American Recovery and Reinvestment Act: Provisions that Promote Shared Recovery," (February 17, 2009), <http://chn.org/pdf/2009/ConfEconRecoveryChart21709.pdf> .

³⁰ Iris J. Lav and Nicholas Johnson, "Funding for States in House Economic Recovery Package Would Close Less than Half of Projected State Deficits," (January 29, 2009), <http://www.cbpp.org/1-26-09sfp.htm>.

³¹ Iris J. Lav et. al, "Recovery Act Provides Much Needed Targeted Assistance to the States" Center on Budget and Policy Priorities, (February 13, 2009), http://www.cbpp.org/2-13-09sfp.htm#_ftn3.

³² Iris J. Lav et. al, "Recovery Act Provides Much Needed Targeted Assistance to the States" Center on Budget and Policy Priorities, (February 13, 2009), http://www.cbpp.org/2-13-09sfp.htm#_ftn3.

³³ Iris J. Lav, et. al, "Preliminary Analysis of Medicaid Assistance for States in the House Economic Recovery Package," Center on Budget and Policy Priorities, (January 30, 2009), <http://www.cbpp.org/1-22-09sfp.htm>.

³⁴ Ibid.

Department of Housing and Urban Development (HUD)

- **Public Housing Capital Fund:** The final stimulus plan invests \$4 billion in improving public housing infrastructure. The plan distributes \$3 billion in funding on a formula basis and \$1 billion to a competitive process for priority investments.³⁵
- **Community Development Block Grant (CDBG):** The final recovery plan contains a \$1 billion increase for CDBG to support neighborhood strengthening activities. Community Development Block Grant funds promote housing revitalization, create jobs, support child care services, and meet other pressing community needs.³⁶ For FY 2008, the program received \$3.6 billion in appropriations, which when adjusted for inflation represents a 28% cut since 2003.³⁷
- **Neighborhood Stabilization Program:** The recovery plans invest \$2 billion into the Neighborhood Stabilization Program to confront the foreclosure crisis and rehabilitate vacant properties. This temporary program was authorized under the Housing and Economic Recovery Act of 2008 to support the work of states and local governments to eliminate blight and develop low-income housing.³⁸ When Congress first created the program it was funded at \$3.9 billion.³⁹
- **HOME Investment Partnerships Program (HOME):** The HOME program would receive a \$2.25 billion increase through the recovery plan to help finance low-income housing projects.
- **Homelessness Prevention Fund:** The recovery package contains \$1.5 billion for the Emergency Shelter Grant Program which provides short-term housing assistance for homeless families. Twenty-five percent of these funds will go to states with the rest distributed to local government.⁴⁰ For a breakdown of how these funds will be distributed visit: <http://www.nea.org/assets/docs/CBPPmod-low-income.pdf>.

Department of Justice

- **Violence Against Women Prevention and Prosecution Programs:** The stimulus plan includes \$225 million in domestic violence funding, including \$175 million for the STOP Violence Against Women Formula Assistance Program, and \$50 million for transitional housing assistance grants to aid victims of domestic violence.

³⁵ National Low-Income Housing Coalition, "Summary of Housing Provisions in Recovery Conference Agreement," [http://capwiz.com/nlihc/issues/alert/?alertid=12670816&queueid=\[capwiz:queue_id\]](http://capwiz.com/nlihc/issues/alert/?alertid=12670816&queueid=[capwiz:queue_id]) .

³⁶ Department of Housing and Urban Development, "Community Development Block Grant Entitlement Communities Grants," (June 2008), <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/> .

³⁷ Helen Eisner, "The Community Development Block Grant," (November 5, 2008), http://www.alliance1.org/Public_Policy/budgets/CDBG.pdf .

³⁸ U.S. Department of Housing and Urban Development, "Neighborhood Stabilization Program Grants," (January 12, 2009), <http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/> .

³⁹ National Alliance to End Homelessness, "Neighborhood Stabilization Program," (2008), <http://www.endhomelessness.org/section/policy/legislature/neighborhood> .

⁴⁰ Center on Budget and Policy Priorities, "House Economic Recovery Package: State-by-State Estimates of Key Provisions Affecting Low- and Moderate-Income Individuals," (January 22, 2009): 15, <http://www.nea.org/assets/docs/CBPPmod-low-income.pdf> .

- **Crime Prevention and Youth Mentoring:** The recovery package contains \$225 million in funding for Byrne Competitive Grants. The Byrne Grant Program helps to create safer communities by investing in activities that prevent crime, offer support to victims of crime, and promote activities that nurture and mentor children and youth.⁴¹ Grants are provided to state and local government, and to national, regional, and local non-profit organizations.

Department of Labor

- **Workforce Investment Act (WIA):** The recovery package invests \$3.95 billion in WIA. The plan contains \$1.2 billion in funding for youth employment programs, including summer youth activities.

When WIA was authorized in 2000, it replaced the former Job Training Partnership Act (JTPA). This reorganization eliminated a stand-alone, summer job funding stream in favor of a block grant for all year-round, youth employment activities.⁴² As a result, funding for summer youth jobs was significantly cut creating long waiting lists for summer job support. Additionally, since 2001, Workforce Investment Act (WIA) youth funds have been cut by 33 percent (\$454 million).⁴³ Employed youth join local workforces and earn wages that quickly flow into local economies.

The WIA funds in the package will also be applied to workforce programs for adults and dislocated workers. Additionally, the package includes \$50 million for the YouthBuild program, which provides job training for at-risk youth. To see how additional workforce training funds will be distributed by state, visit: <http://www.cbpp.org/1-22-09bud-te.pdf> .

- **Job Corps:** The recovery plan includes \$250 million to improve aging Job Corps facilities. The Job Corps program is a network of residential centers for at-risk youth.
- **Employment for Older Americans:** The recovery plan includes \$120 million to help create subsidized community service positions for low-income seniors. This funding will support the Senior Community Service Employment Program (SCSEP), which helps low-income Americans, who are over 55, develop work skills that allow them to pursue private employment.⁴⁴
- **Consolidated Omnibus Budget Reconciliation Act (COBRA) Extension:** The stimulus plan includes a \$ 24.7 billion measure to support unemployed workers by covering 65% of the cost of their COBRA premiums for nine months.⁴⁵ This extension will apply to individuals with an annual income that is less than \$125,000 and to families with an annual income that is less than \$250,000. This provision only applies to workers who were involuntarily terminated between September 1, 2008 and December 31, 2009.

⁴¹ Bureau of Justice Assistance, "Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program," <http://www.ojp.usdoj.gov/BJA/grant/byrne.html> .

⁴² Neighborhood Family Services Coalition, "Policy/Issues: Youth Employment," http://www.nfsc-nyc.org/youth_employment.html.

⁴³ National Youth Employment Coalition, "Appropriations Letter July 2008," (July 28, 2008), <http://www.nyec.org/content/documents/AppropriationsLetterJuly2008onepage.pdf> .

⁴⁴ National Council on Aging, "SCSEP - Community Service Work," <http://www.ncoa.org/content.cfm?sectionid=345>.

⁴⁵ Coalition on Human Needs, "The American Recovery and Reinvestment Act: Provisions that Promote Shared Recovery," (February 17, 2009), <http://chn.org/pdf/2009/ConfEconRecoveryChart21709.pdf> .

- **Unemployment Benefits:** The final package includes \$40 billion in funding to extend the duration of unemployment benefits for 3.5 million jobless workers.⁴⁶ Workers will be granted up to 33 weeks of benefits, many of which had been set to expire in March 2009. Additionally, 20 million unemployed workers will see their benefits rise from \$300 per week to \$325 per week. The plan also reduces the tax burden on unemployment benefits.
- **Worker Training in Emerging Sectors:** The recovery plan contains \$750 million to fund a competitive grant program that supports worker training and placement in high growth and emerging sectors. Of this funding, \$500 million will go towards careers in energy efficiency and renewable energy under the Green Jobs Act of 2007. Additionally, priority for these funds will be given to supporting careers in the health care sector.
- **Training for Health Professionals:** The stimulus package provides \$500 million to support training for health professionals, with a large portion of this funding stream directed towards the National Health Service Corps (NHSC).

Department of Treasury

- **Making Work Pay Tax Credit:** The economic recovery plan includes a “Making Work Pay” tax credit. This is a refundable tax credit of up to \$400 for working individuals and \$800 for working families.⁴⁷ The tax credit is determined at 6.2% of earned income.⁴⁸
- **Child Tax Credit:** The recovery plan lowers the child tax credit income threshold to \$3,000 for 2009 and 2010.⁴⁹ Prior to the enactment of this adjustment, only those with incomes greater than \$8,500 could access the credit.
- **Earned Income Tax Credit:** The economic recovery package includes a provision that increases the earned income tax credit from 40% to 45% of a family’s first \$12,750 in income. This only applies to families with three or more children. Under this measure, the phase-out range for all married couples who file a joint tax return will also increase.
- **“American Opportunity” Education Tax Credit:** The economic recovery package contains a higher education tax credit that would cover up to \$2,500 the cost of tuition and related expenses for taxpayers.
- **Alternative Minimum Tax (AMT):** The recovery package enacts a one-year, \$70 billion AMT patch that raises the AMT exemption amount to prevent many middle-income families from having to pay the tax.
- **Community Development Financial Institutions:** The stimulus plan invests \$100 million into Community Development Financial Institutions (CDFIs). This additional

⁴⁶ David Clarke, Joseph J. Schatz and Paul M. Krawzak, “Finish in Sight for Stimulus Effort,” Congressional Quarterly, (February 13, 2009).

⁴⁷ Arloc Sherman, “Tax Aid in Recovery Package Would Reach Large Numbers of Workers in Every State,” Center on Budget and Policy Priorities, (February 13, 2009), <http://www.cbpp.org/1-21-09tax3.htm>.

⁴⁸ Senate Finance Committee and House Ways and Means Committee, “The American Recovery and Reinvestment Act of 2009,” (February 12, 2009), <http://waysandmeans.house.gov/media/pdf/111/arra.pdf>.

⁴⁹ Center on Budget and Policy Priorities, “Child Tax Credit Expansion,” (January 22, 2009), <http://www.cbpp.org/1-22-09bud-ctc.pdf>.

funding will enhance CDFI's efforts to promote economic growth and support access to credit and capital in low-income communities.⁵⁰

- **Small Business Administration Microloan Programs:** The recovery package contains \$24 million to support marketing, management, and technical assistance for Small Business Administration Microloan Program operations. The Microloan Program is overseen by the Small Business Administration and offers loans to small or newly-established businesses, with non-profits often acting as intermediaries for distributing funds to eligible borrowers.⁵¹

General Services Administration

- **High-Performance Green Buildings and Apprenticeships:** The recovery package includes \$4.5 billion to convert General Services Administration facilities into high performance green buildings. This funding includes \$3 million to create on-the-job apprenticeship training programs, registered with the Department of Labor, for the construction and maintenance of federal buildings.

Corporation for National and Community Service

- **Corporation for National and Community Service (CNCS) and AmeriCorps:** The recovery package includes \$160 million to support AmeriCorps and AmeriCorps VISTA grantees, and to update CNCS information technology.⁵² Currently, the AmeriCorps program sponsors 75,000 members each year.⁵³ In FY 2008, AmeriCorps was funded at \$380 million.⁵⁴ Additional funding will help create new AmeriCorps positions.

Social Security Administration

- **Capacity Building Grants for Non-Profits:** The recovery package includes \$50 million to create a new program that oversees capacity-building grants for nonprofit organizations. This program is authorized under section 1110 of the Social Security Act. During the debate over a recovery package, the House recommended including \$100 million for the Compassion Capital Fund. This new program is designed to replace this funding proposal.

How Alliance/UNCA Members Can Access Recovery Funds

Once funding is distributed, state-level programs that receive supplemental recovery funding will likely be given discretion to determine how the money will be distributed. Much of the funding will go towards areas where states were forced to cut funding during the previous year due to budget shortfalls (this is a requirement in the state fiscal stabilization funds that are being distributed towards education). The legislative language does provide guidelines;

⁵⁰ The U.S. Department of Treasury, "About the CDFI Fund," (May 2, 2007), http://www.cdfifund.gov/who_we_are/about_us.asp .

⁵¹ Small Business Administration, "Microlenders," <http://www.sba.gov/services/financialassistance/sbapartners/microloan/index.html> .

⁵² Coalition on Human Needs, "The American Recovery and Reinvestment Act: Provisions that Promote Shared Recovery," (February 17, 2009), <http://chn.org/pdf/2009/ConfEconRecoveryChart21709.pdf>

⁵³ Corporation for National and Community Service, "FY 2008 Budget Request Summary," http://www.nationalservice.gov/pdf/2008_budget_chart.pdf .

⁵⁴ AmeriCorps, "What Is AmeriCorps," http://www.americorps.org/for_individuals/why/index.asp.

however, the priorities of state agencies will be an important determination in how recovery funding is spent.

Distributing funding towards low-income populations serves the dual objective of helping those most in need and providing money to those who are most likely to spend it and consequently, stimulate local economies. Thus, the populations served by Alliance/UNCA member organizations are a large portion of the intended recipients of the economic recovery funding.

Contact local and state-level officials to ask about their distribution plans and to make the case for providing additional funding to your program. To keep track of economic recovery spending and programs visit: www.recovery.gov. Additionally, Alliance and UNCA members can join an e-mail list that distributes information about pending federal grant opportunities. If you would like to be added to the list, contact heisner@alliance1.org.

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About the Alliance for Children and Families and United Neighborhood Centers of America

The Alliance for Children and Families, a nonprofit association, was formed by the 1998 merger of Family Service America and the National Association of Homes and Services for Children. The Alliance represents over 370 nonprofit organizations across the nation that provide services and economic empowerment to children and families. Alliance agencies cover a wide spectrum of providers, including a diversity of faith-based organizations and nonsectarian agencies. Together, these organizations deliver more than \$2 billion annually in services to more than 8 million people in nearly 6,700 communities across the United States. More information about the Alliance is available at www.alliance1.org.

United Neighborhood Centers of America (UNCA) is a voluntary, nonprofit, national organization with neighborhood-based member agencies throughout the United States. Formerly known as the National Federation of Settlements and Neighborhood Centers, it was founded in 1911 by Jane Addams and other pioneers of the settlement movement. More information about UNCA is available at www.unca.org.

For more information, contact the Washington office of the Alliance and UNCA at:

Alliance for Children and Families
United Neighborhood Centers of America
1001 Connecticut Ave., NW, Suite 601
Washington, DC 20036
(202) 429-0400
policy@alliance1.org

Table 1: Cost of The American Recovery and Reinvestment Act of 2009

<i>Division A --Appropriations</i>	
Title	Total Cost in Millions of Dollars (2009-2019)
Title I -- Agriculture, Rural Development, Food and Drugs Administration, and Related Agencies	26,430
<u>Selected Programs:</u>	
Supplemental Nutrition Assistance Program (SNAP)	19,900
Senior Nutrition Programs	100
Women, Infants, and Children (WIC)	500
The Emergency Food Assistance Program (TEFAP)	150
Rural Community Facilities Program	130
Title II -- Commerce, Justice, Science and Related Agencies	15,810
<u>Selected Programs:</u>	
Broadband Access	7,200
Violence Against Women Prevention and Prosecution	225
Byrne Competitive Grants	225
Title III -- Department of Defense	4,530
Title IV -- Energy and Water Development	50,770
<u>Selected Programs:</u>	
Energy and Efficiency Block Grant Program	400
Weatherization Assistance Program	5,000
Title V -- Financial Services and General Government	6,707
<u>Selected Programs:</u>	
Community Development Financial Institutions (CDFIs)	100
General Services Administration High Performance Green Buildings	4,500
Apprenticeship Programs in High Performance Green Building	3
Small Business Administration Microloan Program	24
Title VI -- Homeland Security	2,740
Title VII -- Interior, Environment, and Related Agencies	10,540
Title VIII -- Departments of Labor, Health and Human Services, Education, and Related Agencies	71,270
<u>Selected Programs:</u>	
<i>Education</i>	
Title I (K-12 Education for the Disadvantaged)	13,000
Individuals with Disabilities Education Act (IDEA)	12,200
McKinney-Vento Education for Homeless Children and Youth Program	70
Rehabilitation Services and Disability Research Account	680
<i>Administration for Children and Families (ACF):</i>	
Head Start and Early Head Start	2,100
Child Care and Development Block Grant (CCDBG)	2,000
Community Services Block Grant (CSBG)	1,000
<i>Corporation for National and Community Service</i>	
AmeriCorps	160
<u>Additional Programs:</u>	
Workforce Investment Act (WIA)	3,950
Job Corps	250
Worker Training in High-Growth, Emerging Sectors (Energy Efficiency and Health)	750

Training for Health Professionals	500
Senior Community Service Employment Program (SCSEP)	120
Health Care Effectiveness Research	1,100
Community Health Centers	2,000
Preventative Care	1,000
National Coordinator for Health Information Technology	2,000
Capacity Building Grants for Non-Profits	50
Title IX -- Legislative Branch	25
Title X -- Military Construction	4,240
Title XI -- State, Foreign Operations and Related Programs	600
Title XII -- Transportation and Housing and Urban Development	61,190
<u>Selected Programs:</u>	
Public Housing Capital Fund	4,000
Community Development Block Grant (CDBG)	1,000
Neighborhood Stabilization Program	2,000
HOME Investment Partnerships Program (HOME)	2,250
Homelessness Prevention Fund	1,500
Title XIII -- Health Information Technology*	0
Title XIV -- State Fiscal Stabilization	53,600
Division A TOTAL COST:	308,480
<i>Division B -- Direct Spending/Revenues</i>	
Title	Total Cost in Millions of Dollars (2009-2019)
Title I -- Tax Provisions	288,340
<u>Selected Provisions:</u>	
Child Tax Credit	14,830
Making Work Pay Credit	116,200
Earned Income Tax Credit	4,660
American Opportunity Education Tax Credit	10,260
Alternative Minimum Tax Relief Extension	69,760
Title II -- Assistance for Unemployed Workers and Struggling Families	58,140
<u>Selected Provisions:</u>	
Unemployment Compensation	39,230
Temporary Assistance for Needy Families (TANF)	5,000
Title III -- Health Insurance Assistance	24,680
<u>Selected Provisions:</u>	
Consolidated Omnibus Budget Reconciliation Act (COBRA) Extension	24,700
Title IV -- Medicare, Medicaid, Health Information Technology	17,560
<u>Selected Provisions:</u>	
Medicaid Moratoria Extension	105
Health Information Technology	17,000
Title V -- State Fiscal Relief	90,040
<u>Selected Provisions:</u>	
Federal Medical Assistance Percentage (FMAP)	86,600
Division B TOTAL COST:	478,760
<i>Recovery Package TOTAL COST:</i>	<i>787,242</i>

Source: Congressional Budget Office, "Cost Estimate for the Conference Agreement for H.R. 1," (February 13, 2009),

<http://www.cbo.gov/ftpdocs/99xx/doc9989/hr1conference.pdf>.

Source: Coalition on Human Needs, "The American Recovery and Reinvestment Act: Provisions that Promote Shared Recovery," (February 17, 2009), <http://chn.org/pdf/2009/ConfEconRecoveryChart21709.pdf>.

* Funding for Health Information Technology is directed under Division A, Title VIII, and Division B, Title IV

Table 2: State-by-State Selected Investments

State	Dollars in Thousands				
	State Budget Gap Mid-Year 2009 ⁵⁵	Title IV-E Foster Care/ Adoption Assistance ⁵⁶	Workforce Investment Act (WIA) Youth Funds ⁵⁷	Child Care and Development Block Grant (CCDBG) ⁵⁸	Community Services Block Grant (CSBG) ⁵⁹
Alabama	\$1,100,000	\$2,674	\$11,800	\$3,8471	\$18,337
Alaska	360,000	3,114	4,000	4,036	3,683
Arizona	1,600,000	20,284	18,000	50,877	8,267
Arkansas	0	4,261	12,200	25,134	13,597
California	13,700,000	158,517	188,500	220,274	89,157
Colorado	604,000	10,092	12,000	24,312	8,685
Connecticut	1,700,000	14,808	11,100	13,686	12,062
Delaware	226,000	805	2,900	4,546	5,000
DC	258,000	5,629	4,000	2,686	16,429
Florida	2,300,000	12,480	43,300	105,331	29,063
Georgia	2,200,000	10,139	31,700	82,847	26,898
Hawaii	232,000	5,368	2,900	6,449	5,000
Idaho	218,000	1,460	2,900	11,946	4,946
Illinois	4,200,000	37,179	62,800	73,773	47,237
Indiana	1,100,000	19,082	23,900	42,764	14,560
Iowa	134,000	8,955	5,200	18,120	10,822
Kansas	186,000	5,186	7,200	18,415	8,162
Kentucky	456,000	11,916	17,900	34,899	16,858
Louisiana	341,000	10,231	20,200	40,014	23,475
Maine	140,000	3,539	4,300	6,758	5,169
Maryland	691,000	22,981	11,700	24,040	13,721
Massachusetts	2,400,000	14,855	25,100	23,967	24,925
Michigan	200,000	33,280	74,700	58,681	36,843
Minnesota	426,000	9,901	18,000	26,097	12,033
Mississippi	175,000	1,899	18,900	30,983	15,904
Missouri	342,000	9,676	25,700	38,682	27,671
Montana	0	2,391	2,900	5,747	4,512
Nebraska	0	3,444	3,000	11,799	6,970
Nevada	536,000	5,580	7,600	14,315	5,000
New Hampshire	50,000	2,353	2,900	4,736	5,000
New Jersey	2,100,000	13,633	21,000	34,106	27,394
New Mexico	454,000	2,751	6,300	17,817	5,696
New York	1,700,000	113,717	72,200	96,786	86,788
North Carolina	2,000,000	11,774	25,300	67,543	26,245

⁵⁵ Elizabeth McNichol and Iris J. Lav, "State Budget Troubles Worsen," Center on Budget and Policy Priorities, (February 10, 2009), <http://www.cbpp.org/9-8-08sfp.htm> .

⁵⁶ Federal Funds Information for States, "Preliminary Conference Agreement Stimulus Allocations," (February 17, 2009).

⁵⁷ Ibid.

⁵⁸ Ibid.

⁵⁹ Ibid.

North Dakota	0	2,117	2,900	3,644	4,573
Ohio	1,200,000	40,327	56,700	68,140	38,979
Oklahoma	0	9,710	8,800	30,159	11,854
Oregon	442,000	10,199	15,200	22,510	7,973
Pennsylvania	2,300,000	55,281	41,100	60,147	42,336
Rhode Island	372,000	3,192	5,700	5,224	5,528
South Carolina	871,000	3,712	25,000	36,316	15,365
South Dakota	27,000	1,149	2,900	5,460	4,111
Tennessee	884,000	11,578	25,400	41,932	19,699
Texas	0	52,229	82,800	214,852	48,152
Utah	620,000	2,378	5,100	22,366	4,886
Vermont	66,000	3,604	2,900	2,823	5,000
Virginia	1,100,000	13,360	13,100	37,892	16,009
Washington	509,000	16,623	23,700	33,351	11,904
West Virginia	0	7,720	5,400	13,047	11,194
Wisconsin	594,000	15,016	13,900	30,493	12,167
Wyoming	0	320	2,900	2,587	5,000
TOTAL*	51,100,000	843,468	1,200,000	1,955,000	1,000,000

*State-by-state excludes investments in U.S. territories.